

# Contract/Purchase Order Systems Guideline - 2.2.G (12/15/99)

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[Last Update: \(12/15/99\) BDenman:dal - 2.2.G.0](#)

[Contract System Requirements – 2.2.G.1](#)

[PO System Requirements - 2.2.G.2](#)

[References - 2.2.G.3](#)

[Policy - 2.2.P](#)

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## Last Update: (12/15/99) BDenman:dal - 2.2.G.0

This guideline has been reformatted for placement on Sandia's External Web site.

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## Contract System Requirements - 2.2.G.1

The Contract System is required when a procurement exceeds \$100,000. This system allows for the use of any of Sandia's Standard Section II Terms and Conditions (Ts&Cs) and any unique contract requirements.

Although procurement actions of \$100,000 or less to buy supplies and nonpersonal services from commercial sources normally use the Purchase Order System (see Section 2.2.G.2), the Contract System may also be used for in the following situations:

- the procurement involves special or noncommercial items (e.g., items per SNL

specifications, a research and development effort, etc.),

- the more definitive standard Ts&Cs of a Section I and Section II are required (e.g., Security, access to SNL or Government-controlled premises, patent rights, etc.),
- changes to a procurement action initially not under the Contract System cause it to be covered under the Contract System (e.g., increase in value, addition of special requirements, etc.), and
- the SCR determines that it is otherwise in the best interests of SNL and the Government to utilize the Contract System.

## How to Prepare a Contract for Award - 2.2.G.1.a

Upon selection of the successful Contractor, the SCR shall prepare the contract for award by using the following procedure.

Step	Who	Action
1	SCR	<ul style="list-style-type: none"><li>- Edits Section I of the solicitation and prepares the contract document. Editing will likely include:<ul style="list-style-type: none"><li>- deleting solicitation instructions and SCs applicable only to the solicitation,</li><li>- adding pricing, delivery/completion date(s), SCs fill-ins if required, and any other special conditions, and</li><li>- incorporating applicable SCs as required.</li></ul></li></ul> <p><b>Note:</b> The Contractor's offer should not be used as the editing copy. No alterations or additions should be made on the Contractor's response by the SCR.</p>
2	SCR	<ul style="list-style-type: none"><li>- Reviews typed contract and attachments.</li><li>- If necessary, obtains credit approval, FOCI and/or OCI determinations, EEO, and other approvals as required if not already received at the solicitation stage.</li></ul>
3	SCR	<ul style="list-style-type: none"><li>- Writes PAS.</li><li>- Obtains approvals per Guideline 10.4, Procurement Action Summaries.</li><li>- Provides notification to unsuccessful Contractors, if applicable (see Guideline 3.1.G.7.c – Unsuccessful Offeror's Notification).</li></ul>

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# PO System Requirements - 2.2.G.2

Use POs for acquisitions of \$100,000 or less which are for:

- supplies and/or nonpersonal services on a fixed-price basis (i.e., training seminars),
- indefinite quantity orders for supplies if all items are priced by the unit,

**Caution:** You must specify the maximum amount of the order on an indefinite quantity order.

- orders with a maximum not-to-exceed amount where exact prices cannot be determined when the orders are issued,

**Example:** POs may be used for equipment repairs/modification requiring disassembly and/or inspection to determine the extent of repairs and/or parts required.

- supplies and/or services that will be adequately protected by CI, or FP Ts&Cs, and
- services, such as shop fabrication work, where SNL will furnish material to be consumed or incorporated into the end product.

Do not use POs when:

- procuring construction services,
- procuring consultant services, and
- property will be furnished or authorized for acquisition, unless for shop fabrication work.

## Section II Terms and Conditions - 2.2.G.2.a

The SCR shall incorporate either SF 6432-CI, Standard Terms and Conditions for Commercial Items, or SF 6432-FP, Standard Terms and Conditions for Firm-Fixed Price Contracts, in each order.

## Alternatives - 2.2.G.2.b

Normally use the...	For...	Reference
Accelerated Procurement System (APS)	Purchases of commercial items on a fixed-price basis for \$100,000 or less.	Guideline 5.3
Consultant Services	Procuring services of consultants and other professionals.	Guideline 5.6

## Locating or Developing Other Sources - 2.2.G.2.c

Reasonable efforts must be made to locate or develop other sources and/or brands and the justification should describe these efforts. Examples:

- SupplierLink (URL address: <http://www.supplierlink.com/default.asp>),
- market surveys, and
- literature searches.

## **PO Documentation Requirements - 2.2.G.2.d**

The reasonableness for all Purchase Orders of \$100,000 or less must always be documented. The SCR may use either the PAS, PAD (or equivalent form), or DPSRO screen printout to document the award information. The SCR must:

- code the award type, quotations requested/received,
- justify the price in accordance with Policy and Guideline 3.2, based on:
  - competition,
  - published price list,  
**Note:** SCRs should attempt to negotiate a price lower than a published price.
  - prices established in current OAs, FSS, etc.,  
**Note:** SCR will add OA and FSS number, as applicable.
  - price comparisons, or
  - SCR judgment (see Guideline 3.2.G).

Include in each PO electronic file, as a minimum, the following:

- applicable PRs,
- PAS, PAD, or equivalent form, or copy of DPSRO screen printout, and
- sole-source, single-source, or sole-make documentation, if applicable.

**Note:** See Guideline 5.3 for information relating to the filing system being followed in APS.

## **Conversion to a Contract - 2.2.G.2.e**

POs may be converted to the Contract System with the concurrence of the Contractor and appropriate documentation of the changes.


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# References - 2.2.G.3

- Policy and Guideline 1.2 - Preprocurement Procedures
- Policy and Guideline 1.4 - Contract Type Selection
- Policy and Guideline 2.1 - Solicitation Document
- Policy and Guideline 3.1 – Best-Value Source Selection/Commercial-Like Practice
- Policy and Guideline 3.2 – Contract Price/Cost Considerations
- Policy and Guideline 3.6 - Equal Employment Opportunity
- Policy and Guideline 3.7 - Letter Transactions Contracts/Amendments
- Policy and Guideline 5.2 - Ordering Agreement/Corporate Agreements
- Policy and Guideline 5.6 - Consultants and Other Professional Services
- Policy and Guideline 5.5 - Contracting for Construction
- Policy and Guideline 5.10 - Government Sources of Supply
- Policy and Guideline 5.13 - Organizational Conflicts of Interest
- Policy and Guideline 10.4 - Procurement Action Summaries

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Send feedback on ideas and information on this page to the Process Expert, Bertie Denman.

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